HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

Housing starts will remain strong

Fourth Quarter 2005

Overview

Housing starts:

2005: 223,600

2006: 207,200

Resales:

2005: 476,000

2006: 453,700

Housing starts: After posting a 17-year high in 2004, residential construction activity will slip 4.2 percent to 223,600 starts in 2005. Starts will remain strong in 2006 at 207,200 units, their fifth consecutive year over the 200,000 level.

Resales: Sales of existing homes will establish a new record of 476,000 units in 2005, then dip to 453,700 units in 2006.

Resale prices: After posting its strongest increase in 16 years, house price growth in 2006 will moderate to 4.9 per cent as markets become more balanced.

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CMHC Housing Market Outlook Canada is your national sales, marketing, and business planning tool.

Provincial SPOTLIGHT

British Columbia: After five consecutive years of increases, the new home market will moderate slightly in 2006. High demand for homes will continue to be supported by strong migration, economic growth and job creation. Resale activity will decline from 2005's record level as mortgage rates gradually rise in 2006. (Details on Page 8)

Alberta: High energy prices will translate into solid prospects for Alberta's housing market. The resale market will post a record high level of sales activity in 2005 while 2006 will represent the second highest level ever. Single-detached starts will post their second best performance in history in 2005, then ease slightly in 2006. (Details on Page 9)

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Canada

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HOME TO CANADIANS

CMHC — HOME TO CANADIANS

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National Housing Outlook

In Detail

New home construction in 2005 and 2006 will remain strong by historical standards. Housing starts this year will fall short of 2004's 17-year high of 233,431 units coming in at 223,600 units in 2005. For 2006, starts will ease for a second year to 207,200 units, making 2006 the fifth consecutive year in which starts exceed the 200,000 unit threshold.

There are a number of factors that will cause housing activity to moderate this year and next. Strong house price growth combined with modest increases in mortgage rates will push up mortgage carrying costs. The rise in mortgage carrying costs will have a larger negative impact on demand among potential first-time buyers, who have not directly benefited from the near double digit price growth since 2002. As the difference between the cost of renting and owning a home continues to widen, home ownership demand among first-time buyers will start to wane.

Increased competition from the existing home market will also impact the pace of new home construction. With the number of new listings on the rise, the existing home market will offer more choice to potential buyers compared to previous years. More choice will result in the state of the existing home market moving toward more of a balanced position which will be accompanied by slowing price growth. As a result, there will be less spillover demand from the existing home market.

Through much of the 1990s, residential construction activity was below the level consistent with long term demographics. The resulting pent-up demand that built up during this period has been eroding since 2001 due to high levels of new home construction activity. The large flow of first-time buyers into the home ownership market has pushed vacancy rates higher in most centres. With rising vacancy rates and limited rent growth, the shelter cost gap between owning and renting has widened, thereby increasing the appeal of renting. Collectively, these forces will cause housing starts to decrease gradually over the next several years.

Starts of single homes to fall in 2005 and 2006

After peaking in 2004, single detached starts will decline by 8.2 per cent to 118,600 units in 2005, then slip an additional 9.2 per cent to 107,700 units in 2006.

Single starts will move lower in all provinces in 2005 except for the prairies where an increase in activity is forecast. In 2006, single starts will continue to slide across most of the country with the exception of Manitoba where singles will continue to rise and in Saskatchewan where activity will match 2005's performance. For the most part, the gains in Alberta singles in 2005 will be taken back in 2006. The three prairie provinces are the only areas where single detached starts will be higher than in 2004.

The largest percentage declines from 2004 to 2006 will be in Ontario (25.4 per cent), Quebec (25.2 per cent), Newfoundland (23.7 per cent), and New Brunswick (19.2 per cent). Over this same two year period, single detached starts for all of Canada will fall by 16.6 per cent.

Multi-family home starts to remain strong

Multi-family starts, which include apartment, semi detached and town houses, will remain at a high level as starts rise by 0.7 per cent to 105,000 units in 2005 then fall by 5.2 per cent to 99,500 units in 2006. Despite the slight decline, multiple starts will be roughly double the annual levels observed between 1995 and 1998.

The multiple sector's increasing share of total starts is the result of higher mortgage carrying costs which will impact the choices of first-time buyers. In previous years, declining mortgage rates offset part of the rise in home prices. With 2005 marking the fourth consecutive year of strong price growth and with mortgage rates expected to inch higher over the next year, mortgage carrying costs will rise, leading many buyers to consider less expensive forms of home ownership.

Apartment starts, which make up about two-thirds of total multi-family starts, will increase by 2.8 per cent to 69,805 units in 2005 before dipping 5.7 per cent to 65,845 units in 2006. Row construction will slide 1.5 per cent to 21,740 starts in 2005 and fall an additional 4.4 per cent to 20,785 starts in 2006. Semi-detached starts will decrease 6.0 per cent in 2005 and 4.6 per cent in 2006 coming in at 13,445 and 12,820 units respectively.

MLS® sales to set another record

The existing home market is poised to set a record high number of sales for a fifth consecutive year. MLS® sales are forecast to climb 3.3 per cent to 476,000 units in 2005 before easing back 4.7 per cent to 453,700 units in 2006 (the third strongest showing on record). Four consecutive years of strong price growth combined with rising mortgage rates in 2006 will curb demand from its current record setting pace. An increasing number of new listings will give existing home buyers more choice, moving the existing home market toward more balanced conditions.

The largest increases in 2005 MLS® sales will be seen in Alberta (12.3 per cent), New Brunswick (9.6 per cent) and in British Columbia (7.9 per cent). For 2006, Manitoba and Saskatchewan are the only provinces in which existing home sales will move higher.

Double digit gains for MLS® price in 2005

The average price for an existing home will increase at a double digit pace in 2005 for the first time since 1989 when the general rate of inflation was substantially higher. Moderating sales activity and an increase in the number of new listings will result in fewer price pressures in 2006 as the resale market moves toward more balanced conditions. Thus the average MLS® price will advance by 10.2 per cent to reach $249,400 in 2005 and by 4.9 per cent to $261,500 in 2006.

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Trends Impacting Housing

The Economy

Real gross domestic product (GDP) growth accelerated to 3.2 per cent in the second quarter, up from 2.1 per cent in the first quarter of 2005. As expected, personal expenditures on durable and semi-durable goods supported second quarter growth as did a rebound in the housing market and business investment in plant and equipment. However, the trade sector also boosted growth as exports edged higher while imports fell. Business investment in inventories continued to act as a drag on real GDP growth, although to a lesser extent than in the first quarter.

At 86.7 per cent, the industrial capacity utilization rate in the second quarter moved to a four and a half year high. Manufacturing, which accounts for over half of the industrial sector, saw its utilization rate decline slightly to 86.7 per cent from the previous quarter's record high. All other industrial sectors registered capacity utilization rate increases. Therefore, capacity utilization rates suggest that there is little excess capacity in the Canadian economy. Another measure of excess capacity, the output gap, is estimated to have closed in the second quarter, which supports our view that the Canadian economy is operating close to its potential. Because of this, inflationary pressures could start to build over the next couple of years.

The impact of hurricane Katrina on the Canadian economy will be limited. High energy prices will curtail consumers' discretionary spending in the very near term. However, the spike in energy prices will be short-lived. Indeed, fuel prices are almost back to the pre-Katrina levels. Economic growth will remain strong with real GDP averaging 2.9 per cent in 2005 and 3.0 per cent in 2006

Mortgage Rates

The Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point on September 7th, thereby increasing the target for the overnight lending rate to 2.75 per cent. Despite the rise in short-term rates, monetary conditions remain stimulative. Therefore, given that the economy is operating very close to its capacity, short-term interest rates will continue to rise in 2005 and 2006.

Mortgage rates will remain low in 2005 and rise moderately in 2006. Tame inflation, and a strong Canadian dollar vis-à-vis the U.S. dollar will restrain the size and speed of Canadian interest and mortgage rate increases in 2005 and 2006.

Short-term mortgage rates are expected to be 25-35 basis points higher in 2005 than in 2004 while longer-term rates will be lower by a similar amount in 2005 compared to the previous year. While still low by historical norms, mortgage rates are expected to rise gradually by 25 - 50 basis points in 2006. One, three and five-year mortgage rates are forecast to be in the 4.50-5.75, 5.25-6.25, and 5.50-6.50 per cent ranges respectively in 2005-06.

Migration

Immigration into Canada is set to come in at the higher end of the target range (between 220,000 and 245,000 new permanent residents per year) in 2005 and 2006. Net migration, which nets out people leaving Canada for other international destinations, will increase by nearly 11.1 per cent to over 215,000 people in 2005 and a further increase of 5.2 per cent to 226,000 people net migrants in 2006. The rising level of net migration will continue to support housing demand with the majority of recently arrived immigrants initially settling in rental accommodations, however over time an increasing share of migrants move into home ownership.

Employment and Income

With the Canadian economy close to full capacity and full employment, job growth will be increasingly constrained by population growth over the coming years. Employment is set to expand 1.3 per cent in 2006, down marginally from the 2005 growth rate of 1.4 per cent. Smaller increases in the labour force will result in the unemployment rate sliding for a fourth consecutive year to 6.7 percent in 2006 from 6.8 per cent in 2005.

British Columbia will lead the rest of Canada with 3.1 per cent employment growth in 2005 and 2.0 per cent growth in 2006. At the other end of the spectrum, Newfoundland will be the only province to post job losses in 2005 and will have the slowest growth (0.2 per cent) in 2006. At 3.6 per cent, Alberta will maintain its distinction of having the lowest unemployment rate in 2006.

Consumer Confidence

The Conference Board of Canada's Consumer Confidence Index fell 5.6 points to its lowest level of the year (118.3) in August. Despite the decrease, the index remains at a high level, reflecting sanguine consumer sentiment. Consumers' attitudes toward big ticket purchases such as homes and cars fell 6.0 percentage points with 54.4 per cent believing that it is a good time to buy.

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Trends at a Glance

Key factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates will edge higher in 2006, but remain low in historical terms. With mortgage rates rising, they will no longer provide an off-set to rising house prices on mortgage carrying costs. These higher mortgage carrying costs will dampen housing demand.
Employment	As the economy approaches full employment, future job growth will be constrained by population growth. Employment will continue to stimulate housing demand, but to a lesser degree than in previous years.
Income	Continued strong growth in income will help to partially offset higher mortgage carrying costs.
Net Migration	Net migration is forecast to rise in 2005 and 2006 as international immigration approaches the higher end of the target range. Toronto, Vancouver and Montreal will see a boost in international immigration as the majority of immigrants settle in these centres. Typically, newly landed immigrants rent at first, but gradually move into home ownership as time passes.
Natural Population Increase	Canada's aging population will result in fewer people in their child bearing years and a slower birth rate. The increase in the natural population (births - deaths) will continue to slow in the years ahead thereby lessening the demand for housing.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, edged lower in August, but remains fairly strong with the majority of consumers still believing that it is a good time to buy big ticket items. Favourable economic conditions are expected to prevail into 2006, thereby keeping consumer confidence strong.
Resale Market	For a fifth consecutive year, the existing home market will post a record high number of sales in 2005. At the same time, the average price increase will break into double digit territory for the first time since 1989. Moderating sales activity and an increase in the number of new listings will result in fewer price pressures in 2006 as the resale market moves toward more balanced conditions.
Vacancy Rates	Stagnant rental demand combined with a modest number of new rental starts will result in a higher vacancy rates across Canada's metropolitan centres.

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Special Report: Will continued strong growth in house prices in 2006 be sustainable?

Strong demand for housing has caused prices to rise rapidly in recent years and has led to some speculation that a real estate bubble might be inflating. However, the rise in house prices is grounded in solid economic fundamentals, and Canadians' ability to pay is keeping up with the rise in mortgage carrying costs.

The housing market is still hot in many centres across Canada and continues to be an important driver of economic growth. Sales of existing homes will reach record levels this year and housing starts will post the second highest level since 1988. Strong demand for housing has caused prices to rise rapidly in recent years, thus bringing to mind the late 1980s and the notion that a real estate bubble might be inflating.

A bubble occurs when an asset experiences price increases well in excess of historical norms for a sustained period of time. These price increases draw investors into the market who buy the asset based mainly on the speculation that they can sell it in the future at a higher price to someone who will buy it for the same reason.

Inflation adjusted house prices reached an all-time high in 2004, surpassing the previous peak, reached in 1989, by about 10 per cent. Until now, however, decreases in mortgage rates have kept mortgage carrying costs low in relation to income. Furthermore, the rise in house prices has reflected strong demand. Therefore, we see no evidence of a real estate bubble at the current time. However, as we look ahead, strong upward pressure on house prices will persist in 2005 and 2006. Will these higher prices be sustainable, or will they contribute to the inflation of a speculative bubble that will eventually burst?

Growth in house prices is pulling ahead of income growth

One approach to evaluating the sustainability of rising house prices is to compare the rise in house prices to growth in income over an extended period of time. In a previous study released by CMHC[1], we showed that, over the 1997 to 2002 period, average annual growth in real after tax household income was stronger than growth in inflation adjusted house prices and, therefore, that Canadians' ability to pay was keeping up with the rise in house prices.

Updating this analysis to include data for 2003 and 2004 (see Table 1), we find that continued strong growth in house prices has caused a mild reversal in this result. Growth in real home prices in Canada has averaged slightly over 3.4 per cent per year between 1997 and 2004 which is 1.1 percentage points stronger than the average annual growth in real disposable income of about 2.3 per cent over this same period.

We can also compare house price growth to income growth in different centres across the country to identify if any of Canada's real estate markets are in danger of overheating.

In our previous report, which analyzed the 1997 to 2002 period, we found that real after-tax income growth

Table 1: Income and house price growth for some of Canada's major centres - 1997-2004

	Average annual growth rates 1997-2002			Average annual growth rates 1997-2004			2004
	Real MLS Price	Real after-tax income	Difference (income-price)	Real MLS Price	Real after-tax income	Difference (income-price)	Mortgage Payment to Income Ratio
Calgary	4.3	2.8	-1.5	3.8	1.5	-2.3	24.6
Halifax	4.0	0.5	-3.5	4.2	1.0	-3.2	23.9
Toronto	3.9	3.1	-0.8	3.8	3.3	-0.5	29.3
Montreal	3.4	3.6	0.2	5.5	3.2	-2.3	24.3
Edmonton	3.4	1.1	-2.3	3.9	2.3	-1.6	21.4
Ottawa-Gatineau	3.0	5.2	2.2	4.1	3.7	-0.4	24.7
Quebec	1.4	1.8	0.4	3.5	1.4	-2.1	16.8
Victoria	1.0	3.9	2.9	4.1	2.0	-2.1	42.7
Winnipeg	0.1	2.0	1.9	2.5	1.9	-0.6	15.6
Vancouver	-0.6	2.9	3.5	1.9	2.3	0.4	42.5
Canada	1.9	2.6	0.7	3.4	2.3	-1.1	28.6

Sources: CMHC, Statistics Canada (Survey of Labour and Income Data), Canadian Real Estate Association

[1]Housing Facts, November 2004, "Is there a real estate price bubble in Canada?"

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kept up with or surpassed inflation adjusted growth in house prices for most centres. However, similar to Canada, this situation is beginning to change when information for 2003 and 2004 is considered (see Table 1).

In all centres, with the exception of Vancouver, we find that real house prices have risen more rapidly than real after-tax household income over the 1997 to 2004 period. Among Canada's large CMAs, the largest gaps between house price and income growth were observed in Halifax (3.2 percentage points), Calgary (2.3 percentage points), Montreal (2.1 percentage points), Quebec (2.3 percentage points), and Victoria (2.1 percentage points). In the remaining centres, the gap between growth in house prices and income were not significant.

Does the fact that growth in house prices has edged ahead of income growth in recent years imply that the housing market is venturing into unsustainable territory? The trends in income and house price growth, by themselves, are not sufficient to reach a conclusion. We also need to consider the burden that higher house prices are putting on household budgets.

In recent years, very low mortgage rates have mostly offset the impact of rising house prices on mortgage carrying costs. More importantly, mortgage debt service costs are currently very low in relation to income (see graph 1). To measure this, we calculate the mortgage payment in each period on a home purchased at the average MLS® price using the prevailing 5-year posted mortgage rate. This payment is then divided by the average personal disposable income per worker, which yields the mortgage debt service cost to income ratio.

The mortgage payment to income ratio is edging up, but remains well below the peak levels experienced in the late 1980s. Indeed, the annual mortgage payment to income ratio has dropped from over 41 per cent in 1989 to just under 30 per cent in the second quarter of 2005.

Given our forecast for rising house prices and interest rates, will the mortgage payment to income ratio become unsustainably high?

With house prices forecast to rise by 10.2 per cent in 2005 and by 4.9 per cent in 2006 and mortgage rates expected to edge higher in 2006, mortgage debt service costs will edge higher between now and the end next year. Nevertheless, the mortgage payment to income ratio will remain low, rising to about 32 per cent in 2006. At current house prices and after-tax income levels, the 5-year mortgage rate would have to climb to nearly 11 per cent, nearly double the current mortgage rate, to push the mortgage payment to income ratio back up to the level that prevailed in 1989.

Regardless of the quicker growth in prices, the mortgage payment to average income ratios across the large centres remain relatively low, with the majority falling near or below the Canadian average for 2004. In other words, low mortgage rates combined with moderate to strong income growth have kept finance costs down in spite of the rapid increase in house prices. Furthermore, growth in house prices is forecast to slow in 2006, which will help stabilize the mortgage debt service cost to income ratio.

Mortgage payment to income ratio

Sources: CMHC, Statistics Canada

No sign of housing bubble in Canada

Rising house prices in Canada are being supported by strong demand for housing. Even though house price growth is beginning to outstrip income growth, low mortgage rates have kept the burden that higher prices place on household budgets in check. Looking ahead, as growth in house prices slows in 2006, mortgage debt service costs as a share of income will stabilize. Therefore, at present there is no evidence of a bubble in the Canadian housing market. Furthermore, the continued rise in house prices in 2005 and 2006 is sustainable and will not overburden the budget of Canadian households.

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British Columbia

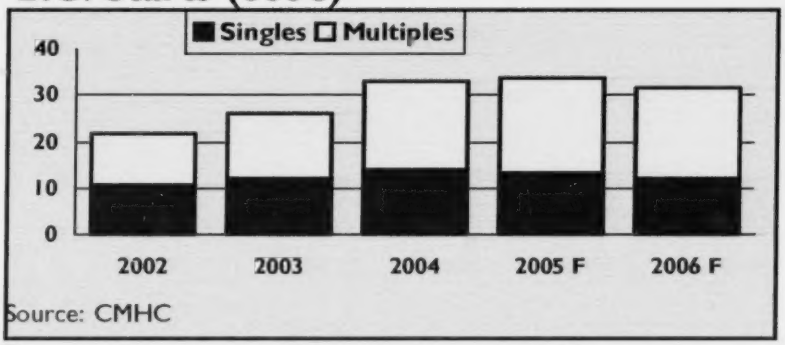
Overview

Moderation in housing markets in 2006

Housing starts in British Columbia will record a fifth consecutive year of increase in 2005 rising by 2.1 per cent. However, the run-up in new home construction is nearing an end. Both starts and existing home sales are expected to moderate in 2006 but will remain well above their 20-year averages. Pent-up demand will play a lesser role compared to the earlier phases of the current upswing. As well, net interprovincial migration levels, while trending higher, will not be sufficient to push starts higher in 2006.

Growth in British Columbia's economy will exceed the average for Canada during 2005 and 2006. Investment in the residential and non-residential sectors, as well as consumer spending, will be the key drivers. High oil prices, as well as China's demand for coal, will continue to positively influence the economies in the northeast and southeast regions of the province. Forest product prices have come off their recent peak and are generally expected to moderate further in 2006. However, In the near term, rebuilding efforts in the wake of hurricane Katrina in the southern US will put upward pressure on prices for lumber and oriented strand board. Overall, real GDP will grow by 3.5 per cent in 2005 and 3.3 per cent in 2006.

B.C. Starts (000's)



Source: CMHC

The expanding economy will improve the province's labour market conditions. In 2006, the unemployment rate will average 6.1 per cent compared to 6.7 per cent for Canada. With employment growth in BC projected to outpace Alberta and Ontario, the draw of job opportunities will result in net interprovincial migration continuing its upward trend. Combined with an increasing number of people moving in from other countries, the province's population growth will reach 1.2 per cent in 2005 and 2006, above the Canadian growth rate.

While the factors driving housing demand remain, the challenge for the housing sector lies on the supply side. The number of units under construction in areas with populations of 50,000 or more, topped 24,000 units during the second quarter of 2005, above the previous peak of 22,000 units in late 1994. The industry will face a number of hurdles to maintain the high level of construction. A limited supply of developable land in urban areas, rising land and material costs, bottlenecks in the approval process due to high volumes and a shortage of skilled trades will contribute to fewer homes being built this year in the Vancouver CMA.

Resale activity will decline from the record level projected for 2005 as mortgage rates gradually rise in 2006. Housing starts will total 33,600 units this year and moderate to 31,600 in 2006.

In Detail

Single Starts: A 6.4 per cent decline is projected in 2005 with a further 7.2 per cent reduction in 2006 to 12,200 units. High and rising house prices, limited land supply and changing consumer preferences are factors contributing to this trend.

Multiple Starts: Multiple-unit starts will remain at high levels and will be built in various locations around the province as homeowners explore alternatives to single-detached homes. The shift will be driven by relatively high average single-detached prices but also by lifestyle choice and mobility options in the various centres.

Resales: Resale activity is forecast to reach 104,000 homes in 2005, a 7.9 per cent increase from 2004 and the highest level on record. Resale activity will remain above the long-term average in 2006 as well. Most markets in British Columbia will continue to favour sellers through the next year.

Prices: The average existing home price in British Columbia is expected to reach $350,000 in 2006 compared to $261,500 in Canada. Ongoing demand for housing will drive resale and new prices higher but the pace of increase will slow as new listings increase.

Provincial Highlight

Is the market overvalued?

Growth in real MLS® home prices in British Columbia averaged 4.8 per cent between 2000 and 2004, while real after-tax income increased at an average annual rate of 1.9 per cent. While inflation-adjusted prices are rising faster than inflation-adjusted after-tax incomes, the disparity during the current up-cycle is small compared to past upswings. During the 1986 to 1989 housing expansion, real MLS® prices grew at a 13.5 per cent annual rate compared to a 0.6 per cent annual increase in real after-tax income. In 1990, real house prices fell by 1.3 per cent, a modest correction. The real price growth of the current up-cycle is more in line with real income growth than experienced in the past. While house prices are rising in British Columbia, this indicator suggests there is no real estate bubble.

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Alberta

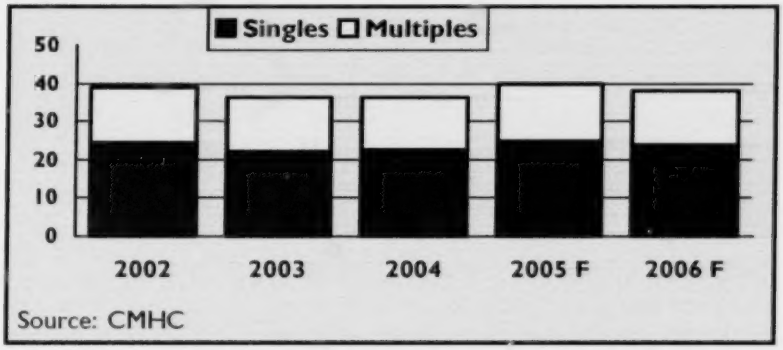
Overview

Strong energy market outlook translates into solid prospects for housing starts

Projections for economic growth in Alberta remain very optimistic because of high oil and natural gas prices. With the world oil price near $70 US per barrel, about $70 billion in oil sands spending is planned in the Wood Buffalo-Athabasca region over the next decade. Investment in the oil sands sector will have spin-off effects throughout the province. Capital expenditures in the Calgary and Edmonton economic regions are each projected to exceed $10 billion over the same period.

Sustained economic growth since the late 1990s has led to solid job creation and pushed the province's unemployment rate to its lowest level since the early 1970s. This situation will remain unchanged in 2006 with Alberta having the lowest unemployment rate among all the provinces. While Edmonton will have one of the lowest unemployment rates among Canadian Census Metropolitan Areas, the unemployment rates in Calgary and other economic regions within Alberta are projected to be even lower than the jobless rate in Edmonton.

Alberta Starts (000's)



Source: CMHC

Alberta's vibrant job market will continue to be a magnet for workers from other parts of Canada seeking job opportunities. With the addition of international immigrants, the province will gain about 38,250 persons from migration in 2006. About one-third of these migrants are projected to go to Calgary, 20 per cent to Edmonton, and the remainder to other centres in the province.

Gains from net migration will cause Alberta's population to grow by about 1.4 per cent from 2005 to 2006, compared to the Canadian average of about one per cent. This will be a positive for housing demand as population growth boosts household growth. Total housing starts will dip slightly from 40,000 units in 2005 to 38,000 units in 2006. About two-thirds of this activity will take place in the Calgary and Edmonton Census Metropolitan Areas.

In Detail

Single Starts: At 25,000 units in 2005, single-detached starts will post their second best performance in history. Favourable economic factors will keep demand for single-detached homes at robust levels in 2006. However, activity will ease slightly next year to 24,000 units as the higher cost of new single-detached units moves some buyers to the multi-family condominium market.

Multiple Starts: In 2005, multi-family starts are on pace to exceed 13,000 units for the fourth straight year. Demand for multiples will be strong among first-time home buyers and investors seeking a price point lower than the single-detached market. Going forward, rising inventory numbers in certain centres will curb investor demand. However, continued demand from home buyers means that multi-family starts will only ease slightly from 15,000 units in 2005 to 14,000 units in 2006.

Resales: MLS® sales in 2005 are on pace to reach 64,500 units due to a surge in activity in Calgary and Fort McMurray. Sales levels in 2006 will remain high at 62,000 units as a result of healthy demand in most of the major markets.

Prices: In 2005, Alberta will record the second largest increase (13.0 per cent) in average MLS price among all the provinces. The price increase in 2006 will also be above the national average. The average MLS price is forecast to increase from $220,000 in 2005 to $235,000 in 2006.

Provincial Highlight

House prices in Canmore are highest in the province

Alberta has received much coverage in the media for its high house prices. However, Fort McMurray can not lay claim to having the highest house prices in the province. That distinction belongs to Canmore, a centre known for recreational properties. Through the first eight months of 2005, the resale price in Canmore has averaged about $413,000 compared to about $331,000 for Fort McMurray.

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Saskatchewan

Overview

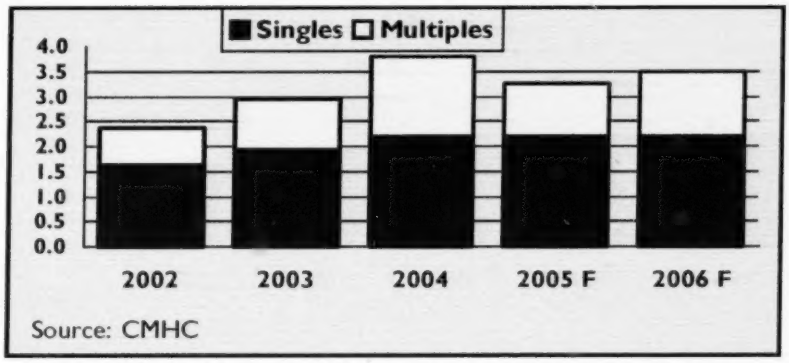
Total housing starts to surpass 3,000 units in 2006

The Saskatchewan economy is forecast to expand by 2.9 per cent in 2005 and 2006 due to the favourable outlook for the world's crude oil, potash and uranium markets. With the world oil price near the $70 US per barrel level, capital spending in the upstream oil sector will remain healthy. Saskatchewan is Canada's second largest producer of crude oil, accounting for about 18 per cent of the annual national production.

The outlook for potash and uranium markets is also quite optimistic. PotashCorp of Saskatchewan, the world's largest producer of potash has announced plans to bring back 1.9 million tonnes of idle capacity at its Lanigan and Allan facilities. The cost of restoring these operations is estimated to be about $US 275 million.

Along with potash, Saskatchewan is also a major producer of uranium, accounting for about nine per cent of the world's known reserves. Worldwide demand for uranium is expected to outpace supply over the next decade. Cogema plans to spend about $450 million over the next two years to increase production at its Cigar Lake project.

Saskatchewan Starts (000's)



Source: CMHC

Continued economic growth will lead to job creation and push the unemployment rate down to 4.5 per cent in 2006. The strong job market should stem the outflow of workers to other provinces, particularly Alberta. A stronger employment and migration scenario will translate into a positive performance for the resale and new home markets in the province. A key risk to this projection is the belief and attitudes of the younger workers regarding job opportunities in Alberta. A study by the Saskatchewan Chamber of Commerce indicates that young people as early as the age of 12 are often encouraged by family and friends to move to Alberta for job opportunities.

In Detail

Single starts: Single-family starts throughout most of the province are up slightly compared to 2004. The inventory of completed units remains slim in Regina and Saskatoon as homebuyers are quickly purchasing units that had previously served as show homes. CMHC expects total single-family starts to remain steady at 2,200 units in 2005 and 2006.

Multiple Starts: Two major factors have caused multi-family starts to decline to 1,050 units in 2005. First, land suitable for development of lower-priced row housing popular with young couples was exhausted in 2004. Second, builders have scaled back activity due to elevated numbers of units under construction as well as increased inventories of unsold units. With the rate of absorption now rising, the pace of multi-family starts is expected to pick up to 1,300 units in 2006.

Resales: Existing home sales are on target to achieve the 2005 forecast of 8,500 resales in 2005. With new listings showing an average rise of just over three per cent, total resale activity will climb to 8,800 units in 2006.

Prices: Regina and Saskatoon are seeing increased sales volumes in the higher price categories, helping to drive the average provincial price upward. The average resale price will rise by 10.1 per cent to $122,000 in 2005 and 4.9 per cent in 2006 to reach $128,000.

Provincial Highlight

Expenditures on alterations and improvements have improved

Saskatchewan homeowners and landlords spent more than $720 million on alterations and improvements in 2004, representing a 15 per cent increase over 2003 recorded expenditures. Expenditures on alterations and improvements have grown at a rate of almost 9.5 per cent annually since 1999, so 2004 was a banner year. We expect this frenzied pace to slow in 2005 to just over $700 million as homeowners take a breather.

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Manitoba

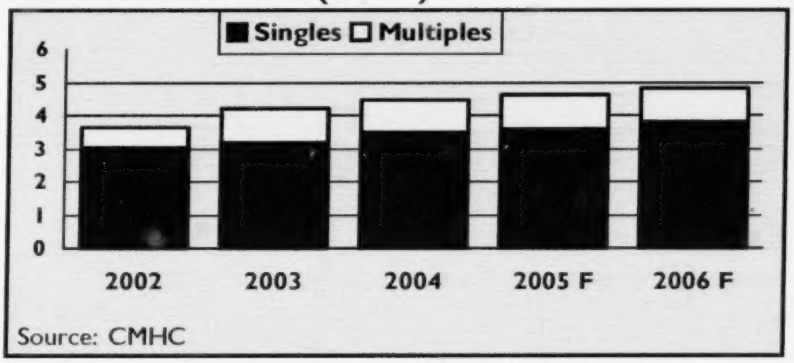
Overview

Residential construction underpins economic growth

Economic growth in Manitoba next year will track close to the national average. One of the drivers of growth will be consumer spending buoyed by low unemployment (Manitoba has the third lowest unemployment rate among all the provinces) and provincial income tax rate reductions. Another catalyst for growth will be the continuing strong performance of the residential construction sector. Manitoba is one of only two provinces in which housing starts are expected to be higher in 2006 than in 2005.

In 2005, housing starts across Manitoba are forecast to reach 4,600 units, the third consecutive year in which starts have exceeded 4,000 units, the first such occurrence since the 1980s. Starts in 2006 will increase further to 4,800 units. Not surprisingly, this is due to the fact that Manitoba is now experiencing its strongest growth in population in twenty years. This population growth is a result of positive net migration. Since 2002, more people have been moving to Manitoba than leaving.

Manitoba Starts (000's)



Source: CMHC

The rebound in migration is largely due to an increase in international immigration resulting from the success of the Provincial Nominee Program. About three-quarters of the newly arrived immigrants are settling in Winnipeg. Other centres gaining from this inflow are Winkler, Steinbach, Brandon, Morden, Altona, and Arborg.

The continued arrival of new immigrants will help to maintain the level of residential construction in the above mentioned centres. About 60 per cent of the housing starts in 2006 will occur in the Winnipeg Census Metropolitan Area. Nearly 80 per cent of the starts will be single-family homes.

In Detail

Single Starts: Single-family starts are expected to post 3,600 units in 2005 and, if planned developments are brought on stream in time for the busy construction season, starts will climb to 3,800 in 2006. The risk to next year's forecast will be in the limited availability of serviced land in Winnipeg which could lead to higher prices and softer demand for homes.

Multiple Starts: Multiple-family construction activity in Manitoba is dominated by the Winnipeg market. Starts will remain strong in this centre as several projects are poised to begin construction. Demand for multiple family dwellings will be fuelled by the strong seniors' market as well as tight conditions in the rental market. Multiple-family starts province-wide are expected to reach 1,000 units both this year and next.

Resales: Sellers' market conditions in Winnipeg have encouraged existing homeowners to list their homes for sale. Given the strong demand for homes, the rise in new listings has resulted in increased sales of existing homes. With listings expected to continue to rise in Winnipeg, provincial MLS sales will reach 12,750 units in 2005 and will rise again to 13,500 units in 2006.

Prices: Homes for sale in the Winnipeg market continue to see multiple offers with more than half selling at or above list price. Increasing listings will not be enough to slow price gains significantly. Therefore MLS prices in Manitoba will grow by 12.4 per cent in 2005 and another 7.5 per cent in 2006.

Provincial Highlight

Winnipeg's Inner City seeing turnaround in new housing starts

Housing starts in Winnipeg's Inner City have seen a remarkable resurgence in 2005. So far this year, construction has begun on 118 housing units within the inner-city survey zones, more than five times the number started in all of 2004 and the highest number of starts in ten years. Condominium projects in the city's historic Exchange District can be credited for much of the increase in multiple-family construction. The increase in single-family construction has been spurred by the Home-Ownership Supply Program of the tri-partite Affordable Housing Initiative, helping to revitalize some of Winnipeg's oldest neighbourhoods.

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Ontario

Overview

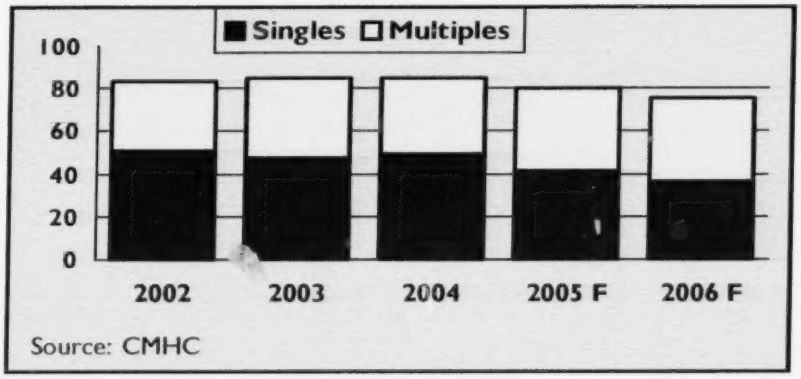
Home ownership demand will decline at a measured pace

Ontario's housing market peaked in 2004. Both existing home sales and new home starts will gradually move down in 2005. Single-detached home starts will decline the most, restrained by rising materials costs and land constraints. Nevertheless, housing demand is resilient. Multiple-family home starts, reflecting a shift in demand to less expensive housing options, will increase in 2005 and remain high the next year.

Ontario's large manufacturing sector is adjusting to the strong currency and high energy prices. Manufacturing sector employment will stabilize, and investment in machinery and equipment, made more affordable by the strong dollar, will boost productivity growth in 2006. The negative impact of automotive sector restructuring will be partially offset by Toyota's new plant, the first new assembly plant in Ontario in over a decade. Despite the loss of manufacturing jobs, total employment is up and the gains have been in full-time positions. Earnings growth has improved, providing a base for continued consumer spending. While consumer spending will remain a source of strength for the economy in 2006, investment, particularly in non-residential construction, and foreign trade will make solid contributions to growth.

A resurgence in the number of immigrants landing in Ontario will help to support housing demand, however, this will be partially offset by Western Canada's energy-based economy which will continue to attract migrants from Ontario.

Ontario Starts (000's)



Source: CMHC

In Detail

Single Starts: Rising house prices, longer commutes and land constraints are holding down single-detached home construction. With the exception of Sudbury, single-detached home starts will edge lower in all of the larger Ontario urban centres. Single starts will decrease to 41,100 units in 2005 and 36,500 units in 2006.

Multiple Starts: Multiple-family homes will increase to 39,400 in 2005. Competitive prices and public policy are encouraging greater residential intensification, particularly in the Toronto area. However, multiple home starts will decline in 2006 to reach 38,700 units.

Resales: Although remaining high by historical standards, sales through the Multiple Listing Service will decline gradually. MLS sales will reach 195,000 units in 2005 and 188,000 units in 2006.

Prices: The resale home market remains well-entrenched in seller's market territory. However, recent gains in house prices will draw out more listings, easing resale markets to move toward more balanced conditions. The expanding pool of apartments selling on the existing home market will contribute to the slower rate of price increase in 2006.

Provincial Highlight

The urban lifestyle is increasing in popularity in Toronto

Strong growth in multiple family home construction will help boost total housing starts in a few of Ontario's larger urban centres this year. Rising house prices tend to shift demand to less expensive rowhouses and apartments. The jump in rowhouse construction in Kitchener and apartment construction in Toronto are examples of this phenomenon. In Toronto condominium apartment starts will rise 25 per cent this year and at the same time, sales are up 30 per cent, indicating starts will remain high next year too. Demand for properties in Toronto has been strongest in central areas and prices for single-detached houses in central Toronto are rising at a rapid rate. For buyers who wish to live in the central core, a condominium apartment may be their only entry point given the high price of single-detached homes in the same neighbourhood.

Therefore, a consequence of the strong demand for centrally-located properties has been an intensification of residential development. The Toronto Census Metropolitan Area (CMA) includes both built-up and rural areas. In the mid-1990s, only about a quarter of starts in the Toronto CMA occurred within built-up areas. Between 2002 and 2004, the share of starts that occurred in built-up areas increased to 36 per cent, representing a significant rise in intensification of new construction in existing urban areas.

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Quebec

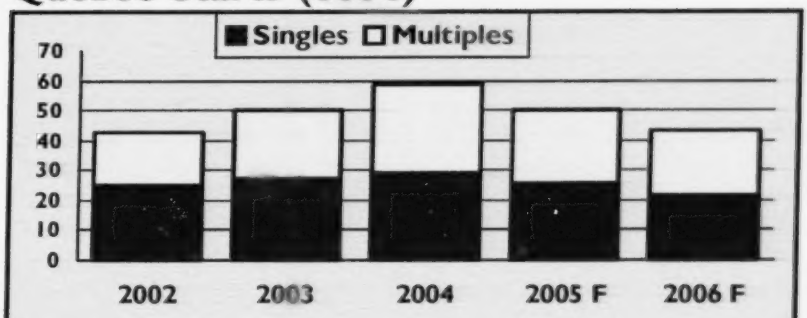
Overview

Housing starts will cool in 2006

Weakening economic conditions and eroding pent-up demand are contributing to the decrease in housing starts in 2005 and will continue to do so in 2006. However, demographic conditions, more specifically, the aging population and strong migration will sustain demand in some market segments and temper the decline in housing starts, which will fall to 50,000 units in 2005 and 43,000 units in 2006.

While Quebec's economy will continue to be fuelled by consumer spending and private sector investment, it shall also face a number of challenges in the coming year. Spending by the provincial government will be a drag on growth as will the export sector which is adjusting to the higher value of the Canadian dollar and high energy costs. These conditions should keep GDP growth stable at 2.5 per cent in 2005 and 2006 and limit employment growth to about 1.1 per cent in each of these years.

Quebec Starts (000's)



Source: CMHC

The province's evolving demographic landscape will continue to be an important source of housing demand. While the aging of the population increases demand for housing geared toward seniors (condominiums, seniors' residences), net migration - resulting from immigration - is expected to remain robust and thus sustain demand for multi-unit housing. However, given that an increasing number of immigrants are more highly educated and bilingual, inflows from abroad may be increasingly sensitive to relative labour market conditions in the country's three major immigrant cities (Toronto, Montreal, and Vancouver).

In Detail

Single Starts: The weaker economy will cause demand for single detached housing to decrease. Starts are thus expected to fall to 25,500 units in 2005 and 21,600 units in 2006. The decrease in single starts reflects higher mortgage rates and rising prices which will push mortgage carrying costs higher. Furthermore, rising inventory of existing homes for sale will compete with new singles for buyers.

Multiple Starts: Following a 17.2 per cent drop to 24,500 units in 2005, multi-family home building should decline a further 12.7 per cent to 21,400 units in 2006. However, the demographic conditions will continue to sustain demand for condominiums and seniors residences. Conventional rental construction will drop more significantly given rising vacancy rates.

Resales: Weak job growth and rising mortgage carrying costs will also cool demand for existing homes. MLS sales will edge up to 70,500 units in 2005 and will fall to 67,000 units in 2006.

Prices: As rising listings and lower demand moderate price growth, resale market conditions will continue to move towards balanced territory in 2005 and 2006. As a result, the average MLS price will increase 8.4 per cent to reach $185,000 in 2005 and 4.9 per cent to $194,000 in 2006.

Provincial Highlight

Migration flows away from the Island of Montreal

Over the past five years, there has been a progressive increase in migration away from the Island of Montreal toward some of the Island's adjacent communities. According to the province's statistical agency, the island, which lost just over 1,000 residents during 1998-99, recorded a net loss of close to 15,000 in 2001-02 and over 24,000 in 2003-04. The vast majority of out-migrants moved to the city's adjacent zones (Laval, Lauentians, Lanaudière and Montérégie) and were motivated by lower cost housing, economic development in areas such as the Montérégie, and a preference for retirement out of the city. There has also been strong migration to the intermediate zone (Quebec city, Chaudière Appalaches, Eastern Townships, Centre du Québec, and Gatineau). For the 2003-2004 period, it is estimated that this zone gained over 4,000 residents, coming mostly from northern and eastern Quebec. Migrants are attracted by the relatively strong labour market conditions in these areas. These trends have implications relating to increasing urban sprawl, regional economic development and the aging of the population, and will be the subject of growing attention in the coming years.

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New Brunswick

Overview

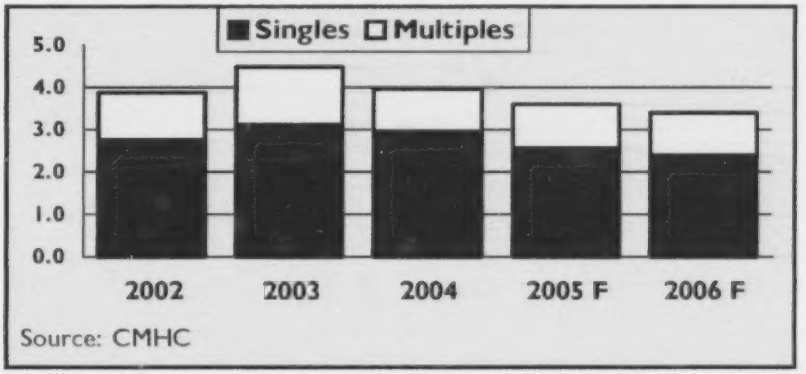
Economic growth slowing

Economic growth in 2005 and 2006 will fall short of last year's 2.6 per cent rate, but the outlook is upbeat for some sectors. Non-residential investments by both the public and private sectors are expected to be major contributors to growth this year and next. This includes capital spending to twin the remaining portion of the Trans-Canada highway, the planned refurbishment of the Point Lepreau power plant and many projects in the Moncton area.

While the non-residential sector provides some stimulus to the economy, growth will be restrained by a lacklustre performance in other key sectors. Manufacturing, lumber exports and tourism are facing challenges, mostly at the hands of the elevated energy prices and a persistently high Canadian dollar vis-à-vis the U.S. dollar. These unfavourable market conditions have already forced the closure or downsizing of several pulp and paper mills and have caused many would be tourists from out of province to stay close to home. These conditions are expected to persist throughout 2006. As a result, the provincial economy is expected to expand at a moderate pace of 2.2 per cent and 2.4 per cent in 2005 and 2006, respectively. Employment will be flat in 2005 before a modest rebound in 2006 when employment will grow by 0.5 per cent.

As a result of slowing economic and employment growth, residential construction in 2005 will ease from last year's levels but will remain solid in historical terms. Total starts will decline to 3,600 units in 2005, followed by a further 5.6 per cent drop in 2006 to 3,400 units.

New Brunswick Starts (000's)



Source: CMHC

In Detail

Single Starts: The construction of single-family homes is expected to gradually decline over the forecast period, although activity will remain above the 10-year average. Single housing starts are expected to reach 2,550 and 2,400 units in 2005 and 2006 respectively.

Multiple Starts: Following weaker construction activity in the province's three largest centres last year, multiple starts are expected to rebound in 2005 reaching 1,050 starts. The increase in multiple starts will be supported by a growth in rental starts, which reflects in part the rising cost of homeownership relative to rental accommodations.

Resales: MLS® sales in New Brunswick for 2005 are expected to surpass last year's brisk pace. MLS® sales will come in at 6,550 units in 2005 and decline slightly to 6,000 units in 2006. Considering the expected rise in mortgage rates and sluggish job gains, this is a sign that the resale market remains vibrant.

Prices: Despite the expected increase in resale demand, resale price growth in 2005 is expected to slow, increasing 6.3 per cent as compared to the 6.7 per cent growth experienced in 2004. The average MLS® price will reach $120,000 this year and grow by a further 3.8 per cent to $124,500 in 2006.

Provincial Highlight

Spotlight on downtown Moncton

Moncton is set to see some major development in the downtown core as three large projects are getting set to begin. A new $12 million 125 room hotel, spa and restaurant will be built on the banks of the Petitcodiac River. This project should break ground during the winter and be ready for guests in June 2007. A new $28 million Justice Centre will be built adjacent to the Hotel and ready for operation in 2008. This facility, when complete will be a four storey glass and brick building. It is replacing the current courts which are located in a nearby commercial building. A third project is the new convention centre and parking garage. This $18 million project is slated for the same part of the city and will add much needed meeting space for the downtown area of Moncton.

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Nova Scotia

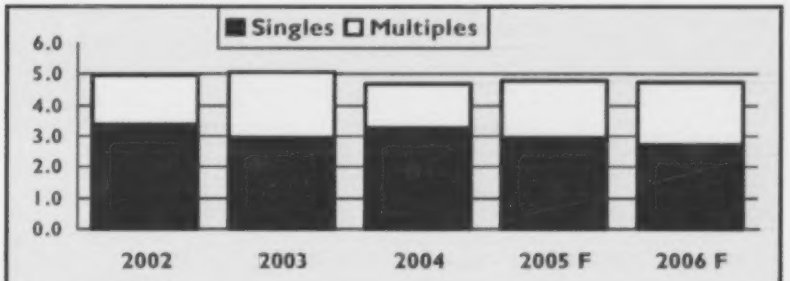
Overview

Clouds gather on the forecast horizon

Nova Scotia's housing market is on track this year to surpass 2004's very good performance but a modest decline in activity is expected in 2006. Persistently low mortgage rates and the high employment levels have been instrumental factors supporting the buoyant housing sector this year but the spectre of rising mortgage rates and trepidation about high gasoline and home heating costs are expected to dampen housing demand next year.

While economic growth is expected to accelerate through 2006, growth rates will be weaker than in most other provinces. The pace of employment growth is forecast to decelerate slightly as consumption is restrained by households' nervousness about energy prices. As a result, net migration is forecast to remain below 1,000.

Nova Scotia Starts (000's)



Source: CMHC

The high Canadian dollar and elevated gasoline prices will continue to challenge the trade, manufacturing, tourism, and transportation industries through 2006. However, construction and health care are expected to be relative bright spots among industry sectors over the next 15 months.

Business climate conditions remain supportive of housing in Nova Scotia this year but clouds are gathering on the forecast horizon in the form of high energy prices and rising mortgage rates. Total housing starts are expected to rise 1.8 per cent to 4,800 units this year before slipping back 1.6 per cent in 2006 to 4,725 units.

In Detail

Single Starts: A bulging inventory of existing homes for sale and an inadequate supply of serviced building lots in Halifax will cap single-detached housing starts well below capacity. This condition will obscure modest growth in single starts in the rural and smaller urban areas of the province, dragging down single starts provincially this year and again in 2006. Single starts are expected to fall 9.8 per cent to 2,950 units in 2005 and another 7.6 per cent to 2,725 units next year.

Multiple Starts: After dropping 32 per cent from 2,128 units in 2003 to only 1,447 units last year, multiple unit starts are rebounding impressively. Developers remain bullish on the Halifax condominium market and the anticipation of rising home ownership carrying costs has renewed interest in rental development across the province as well. The scale of projects continues to rise as developers seek to control costs through economies of scale. Multiple starts are expected to leap 27.9 per cent this year to 1,850 units and another 8.1 per cent to 2,000 units next year.

Resales: A tremendous surge in MLS listings in Halifax in the first half of this year has provided an expanded selection to potential homebuyers. In combination with very low long-term mortgage rates this has reinvigorated what was a sagging Halifax resale market. Increased sales in Halifax will be sufficient to lift total provincial MLS sales to 9,500 units this year. However, rising home ownership carrying costs will result in a 5.3 per cent decline in MLS sales next year as activity slows across the province with 9,000 sales expected.

Prices: Homebuyers have been ebullient this year, putting MLS average sale price on track for 10.6 per cent growth but this enthusiasm is expected to wane next year with only 4.0 per cent growth as average price reaches $168,000. New house prices will continue to grow very slowly as buyers become increasingly price sensitive.

Provincial Highlight

Spotlight on Truro

Truro has quietly been posting among the best local economic and housing market performances in the province in recent years. Growth in manufacturing has been complemented by call centre expansion and a rapidly growing retail sector. This has fuelled growth in existing home sales and new home construction as well with Truro's first condo project now under construction. In addition, a low rental vacancy rate of 1.9 per cent has encouraged rental development with more than 160 new units expected to reach the market before the end of next year. Two new public schools and a new hospital are scheduled to begin construction soon, supporting what is expected to be continuing healthy conditions in the Truro housing market over the next two years.

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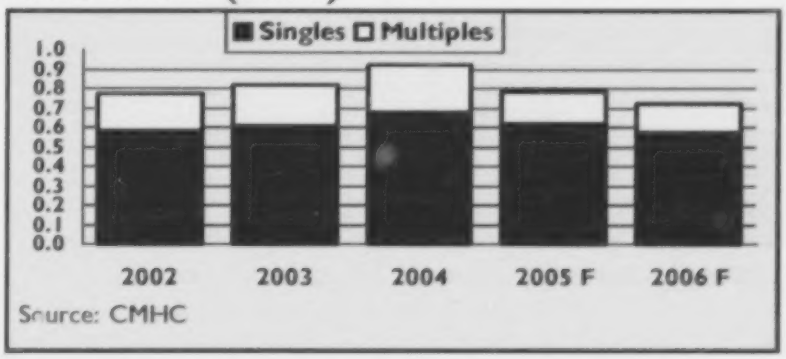
P.E.I.

Overview

Total housing starts to slow in 2006

Many of the Island's key sectors are expected to see similar levels of activity as in 2004, and as such only modest growth in the provincial economy is forecast over the next two years. The Island's potato farmers have agreed to reduce planting by 10,000 acres, in a effort to reduce the excess capacity that currently exists. As such it is expected that farm cash receipts for potatoes this year should be flat as the prices should be higher but overall production will be lower. The fisheries are also reporting a slower start to 2005, with the spring lobster season experiencing a 8 per cent decline in landings. Tourism has seen almost no growth so far in 2005, and no vast improvement is expected next year. With gas prices at record levels, many potential visitors will to stay closer to home. As such economic growth on the Island is expected to be modest at 1.5 per cent in 2005 and 1.2 per cent in 2006.

P.E.I. Starts (000's)



Source: CMHC

On the positive side the Island has some major capital projects scheduled to start in 2005, the largest being the new federal government building in Charlottetown. Also, the new beef processing plant in Borden-Calton is up and running, and several manufacturers in Slemon Park are looking to hire to accommodate increased production.

Housing starts are expected to reach 785 units in 2005, a decrease of 14.6 per cent from the 2004 level, which was the highest level of starts on the Island since 1988. Although a further decrease in starts to 725 units is expected in 2006, new home construction will remain strong in historical terms.

In Detail

Single Starts: The construction of single-family homes is expected to decline over the forecast period, from the fifteen year high set in 2004. The decline is expected as a result of increased interest rates and the fact that much of the pent up demand for homes has been satisfied over the past four years. Our current forecast is calling for 620 units in 2005, and an additional 575 units in 2006.

Multiple Starts: Multiple starts in 2005 are expected to reach 165 units, a decrease of 30.4 per cent from the 2004 level. This decrease will come as the result of fewer starts in both the Charlottetown and Summerside markets. In 2006, multiple starts will decrease to 150 units.

Resales: MLS® sales in PEI have been in the 1,400 unit range for the past five years, and this is expected to continue for both 2005 and 2006. While the demand for existing homes remains strong, limited listings in the key price ranges and rising mortgage carrying costs over the forecast period will be the main factors limiting an increase in sales.

Prices: Over the past four years, a shortage of listings and a strong demand for existing homes in the provinces urban centres fuelled strong price growth. Looking ahead, as market conditions become more balanced, growth in the average MLS® sales price is expected to moderate to 3.3 per cent in 2005 and 3.1 per cent in 2006.

Provincial Highlight

Update on The New Federal Building

The new Federal building is now in the construction phase, but the final price tag will be significantly less than the original plan. In May, Ottawa confirmed the contract for the federal government five-storey office building was awarded to Herve Pomerleau for $29.1 million - that's $5.6 million less than the lowest tender during the first round of bidding last November.

The federal government halted the project then, after tenders came in well over budget. Five bids had been received last fall, ranging from $34.7 million to $42.6 million. As part of the cost cutting the underground parking part of the project has been abandoned in favour of much cheaper ground level parking.

The new five-storey, $29.1-million building is being billed as the most advanced and environmentally-friendly building ever built by the government of Canada.

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Newfoundland and Labrador

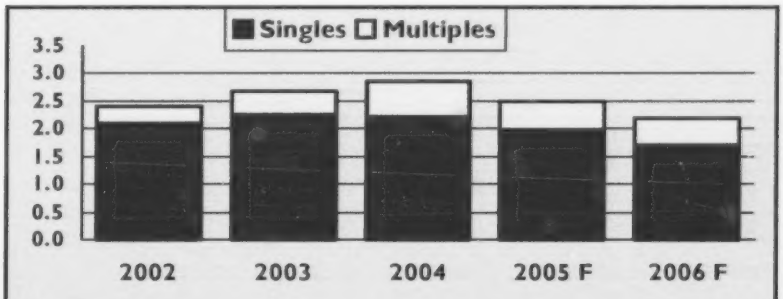
Overview

Easing domestic demand to slow provincial housing markets

With production levels at both the White Rose offsore oil field and Voisey's Bay metal mining project ramping up, expect economic output in the province to surge ahead by a robust 6.0 per cent next year. Growing royalties flowing from increased output in both the oil and mining industries combined with rising federal transfers should improve the province's financial position and underpin slight gains in public sector expenditures.

Despite the positive outlook in these sectors, a number of other key industries will struggle in 2006. In particular, the manufacturing sector will be negatively impacted by rationalization within the province's pulp and paper industry. This is related to the closure of Abitibi-Consolidated's mill in Stephenville as well as the phase out of a machine in Grand Falls-Windsor. These actions will eliminate over 200,000 tonnes of newsprint production resulting in the loss of approximately 400 direct jobs. The outlook for the fishery is also cloudy in the short term due to the anticipated cuts to crab quotas and associated losses in processing. Given these circumstances, employment will decline 0.5 per cent this year and gains will be modest at 0.2 per cent in 2006. While personal incomes will continue to grow, expect only slight gains in consumer spending. Further population losses, a slight rise in interest rates, and sluggish employment growth will be largely responsible for the easing in domestic demand. These conditions will trickle down to provincial housing markets resulting in a decrease in housing starts to 2,500 units in 2005 and 2,200 units in 2006.

Newfoundland and Labrador Starts (000's)



Source: CMHC

In Detail

Single Starts: Rising construction costs and growing competition from the existing homes market will be the major factors behind the expected decline in single-detached starts to 1,975 units this year and 1,700 units in 2006. A steady stream of out-migration along with rising interest rates and lackluster labour market performance will also be a drag on the singles market over the forecast period.

Multiple Starts: Following five years of impressive growth, multiple unit construction will experience significant declines this year to 525 units. With home-buying demand easing, semi-detached units have been particularly hard hit. While starts of single-detached homes with accessory suites remain brisk, this segment is also slowing down. However, positive net migration and a thriving economy in St.-John's is persuading more developers to capitalize on strong demand for condominiums in the provincial capital. Accordingly, condo starts are forecast to gradually increase in coming years. When combined with public sector investment in affordable housing, multiple starts will edge lower to 500 units in 2006.

Resales: The surge in MLS listings over the past 12 months has provided more choice in the marketplace and helped to sustain home buying activity in the St. John's region. With overall demand expected to ease during the remainder of 2005 and into next year, provincial MLS sales are forecast to edge down by 2.0 per cent to 3,200 units this year and another 6.3 per cent to 3,000 units in 2006.

Prices: Despite the surge in the supply of homes for sale, the average MLS house price continues to increase at a healthy rate. Given the surprising strength during the first nine months, expect MLS average price to advance 7.6 per cent this year. Softening demand in 2006 will have a moderating impact on price growth and the average MLS price will increase by 3.9 per cent.

Provincial Highlight

Supply of active MLS listings hits 7-year high in metro region

Sustained home buying demand and strong price growth in recent years has prompted more owners in the St. John's region to test the market. This has led to a substantial rise in MLS active lisings throughout 2005. The pace of growth in MLS active residential listings picked up during the summer months reaching the highest level for this time of year since 1998. At the end of August, total active residential listings stood at 1,518 units, representing an increase of 24.1 per cent over the same period of last year. To the end of September, total active listings have averaged 1,325 units per month. This level of supply is 30.0 per cent above the average level in 2004. Given these market conditions, expect price growth in the metro region to moderate in coming years.

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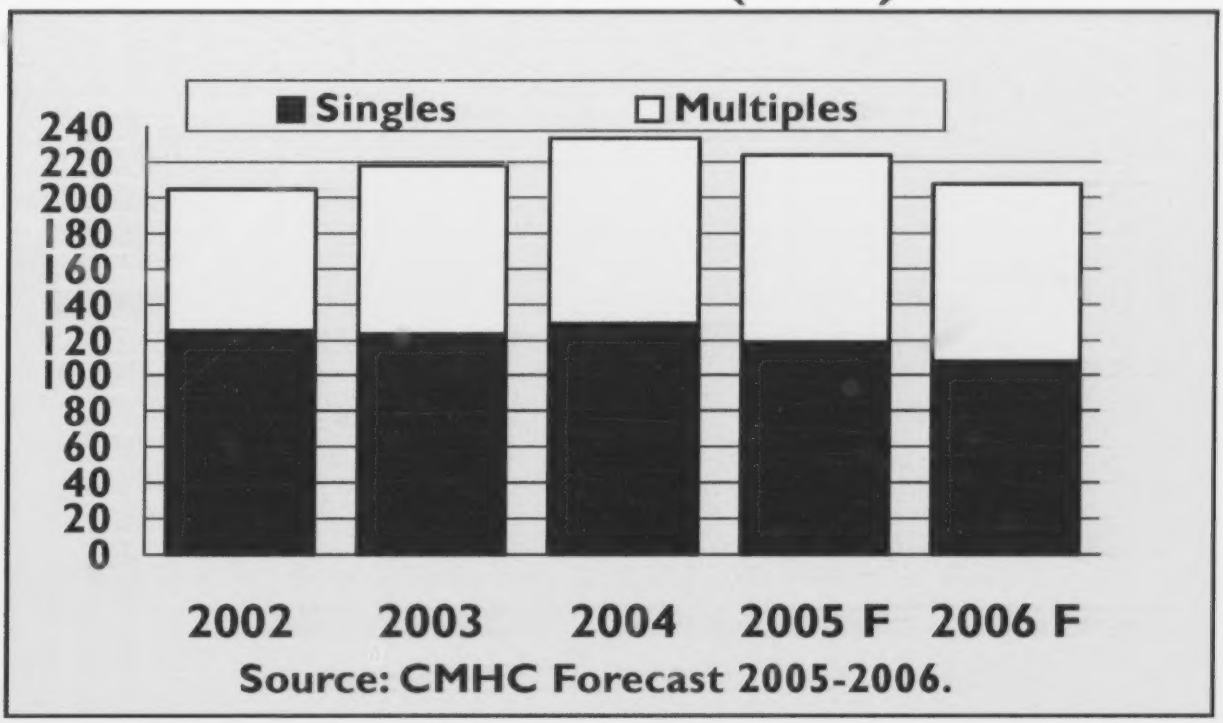
Canada Starts (000's)



Source: CMHC Forecast 2005-2006.

Total Housing Starts (units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,459	1,788	2,419	2,692	2,870	2,500	2,200
%	6.4	22.5	35.3	11.3	6.6	-12.9	-12.0
PEI	710	675	775	814	919	785	725
%	15.3	-4.9	14.8	5.0	12.9	-14.6	-7.6
NS	4,432	4,092	4,970	5,096	4,717	4,800	4,725
%	4.3	-7.7	21.5	2.5	-7.4	1.8	-1.6
NB	3,079	3,462	3,862	4,489	3,947	3,600	3,400
%	10.9	12.4	11.6	16.2	-12.1	-8.8	-5.6
QUE	24,695	27,682	42,452	50,289	58,448	50,000	43,000
%	-4.1	12.1	53.4	18.5	16.2	-14.5	-14.0
ONT	71,521	73,282	83,597	85,180	85,114	80,500	75,200
%	6.4	2.5	14.1	1.9	-0.1	-5.4	-6.6
MAN	2,560	2,963	3,617	4,206	4,440	4,600	4,800
%	-18.3	15.7	22.1	16.3	5.6	3.6	4.3
SASK	2,513	2,381	2,963	3,315	3,781	3,250	3,500
%	-18.6	-5.3	24.4	11.9	14.1	-14.0	7.7
ALTA	26,266	29,174	38,754	36,171	36,270	40,000	38,000
%	3.2	11.1	32.8	-6.7	0.3	10.3	-5.0
BC	14,418	17,234	21,625	26,174	32,925	33,600	31,600
%	-11.6	19.5	25.5	21.0	25.8	2.1	-6.0
Canada	151,653	162,733	205,034	218,426	233,431	*223,600	*207,200
%	1.1	7.3	26.0	6.5	6.9	-4.2	-7.3

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,315	1,598	2,092	2,240	2,229	1,975	1,700
%	6.7	21.5	30.9	7.1	-0.5	-11.4	-13.9
PEI	614	551	582	613	682	620	575
%	30.1	-10.3	5.6	5.3	11.3	-9.1	-7.3
NS	2,856	2,761	3,363	2,968	3,270	2,950	2,725
%	-14.6	-3.3	21.8	-11.7	10.2	-9.8	-7.6
NB	2,442	2,573	2,769	3,139	2,970	2,550	2,400
%	10.9	5.4	7.6	13.4	-5.4	-14.1	-5.9
QUE	15,349	17,193	25,257	27,225	28,871	25,500	21,600
%	-2.8	12.0	46.9	7.8	6.0	-11.7	-15.3
ONT	41,087	39,632	51,114	47,610	48,929	41,100	36,500
%	4.2	-3.5	29.0	-6.9	2.8	-16.0	-11.2
MAN	2,348	2,460	3,016	3,165	3,484	3,600	3,800
%	5.2	4.8	22.6	4.9	10.1	3.3	5.6
SASK	1,890	1,627	1,931	2,097	2,193	2,200	2,200
%	-8.7	-13.9	18.7	8.6	4.6	0.3	0.0
ALTA	16,835	19,769	24,520	21,918	22,487	25,000	24,000
%	0.9	17.4	24.0	-10.6	2.6	11.2	-4.0
BC	7,448	7,862	10,730	12,252	14,056	13,150	12,200
%	-14.7	5.6	36.5	14.2	14.7	-6.4	-7.2
CAN	92,184	96,026	125,374	123,227	129,171	*118,600	*107,700
%	0.0	4.2	30.6	-1.7	4.8	-8.2	-9.2

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	144	190	327	452	641	525	500
%	4.3	31.9	72.1	38.2	41.8	-18.1	-4.8
PEI	96	124	193	201	237	165	150
%	-33.3	29.2	55.6	4.1	17.9	-30.4	-9.1
NS	1,576	1,331	1,607	2,128	1,447	1,850	2,000
%	74.1	-15.5	20.7	32.4	-32.0	27.9	8.1
NB	637	889	1,093	1,350	977	1,050	1,000
%	10.8	39.6	22.9	23.5	-27.6	7.5	-4.8
QUE	9,346	10,489	17,195	23,064	29,577	24,500	21,400
%	-6.0	12.2	63.9	34.1	28.2	-17.2	-12.7
ONT	30,434	33,650	32,483	37,570	36,185	39,400	38,700
%	9.4	10.6	-3.5	15.7	-3.7	8.9	-1.8
MAN	212	503	601	1,041	956	1,000	1,000
%	-76.5	137.3	19.5	73.2	-8.2	4.6	0.0
SASK	623	754	1,032	1,218	1,588	1,050	1,300
%	-38.9	21.0	36.9	18.0	30.4	-33.9	23.8
ALTA	9,431	9,405	14,234	14,253	13,783	15,000	14,000
	7.7	-0.3	51.3	0.1	-3.3	8.8	-6.7
BC	6,970	9,372	10,895	13,922	18,869	20,450	19,400
%	-8.0	34.5	16.3	27.8	35.5	8.4	-5.1
CAN	59,469	66,707	79,660	95,199	104,260	*105,000	*99,500
%	2.9	12.2	19.4	19.5	9.6	0.7	-5.2

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NF	Semi-detached	44	30	36	66	264	150	150
	Row	23	36	42	107	51	25	40
	Apartment	77	124	249	279	326	350	310
	Total	144	190	327	452	641	525	500
PEI	Semi-detached	46	56	64	72	76	65	50
	Row	21	10	47	40	80	70	40
	Apartment	29	58	82	89	81	30	60
	Total	96	124	193	201	237	165	150
NS	Semi-detached	266	228	253	338	266	275	250
	Row	17	40	144	277	186	250	225
	Apartment	1,293	1,063	1,210	1,513	995	1,325	1,525
	Total	1,576	1,331	1,607	2,128	1,447	1,850	2,000
NB	Semi-detached	113	114	186	254	293	350	350
	Row	26	153	68	143	256	150	150
	Apartment	498	622	839	953	428	550	500
	Total	637	889	1,093	1,350	977	1,050	1,000
QC	Semi-detached	1,291	1,309	1,855	2,432	2,932	2,500	2,100
	Row	858	869	964	773	1,109	900	700
	Apartment	7,197	8,311	14,376	19,859	25,536	21,100	18,600
	Total	9,346	10,489	17,195	23,064	29,577	24,500	21,400
ON	Semi-detached	7,167	7,106	6,886	6,379	5,172	4,400	3,900
	Row	10,846	10,269	11,849	12,191	12,824	12,500	11,800
	Apartment	12,421	16,275	13,748	19,000	18,189	22,500	23,000
	Total	30,434	33,650	32,483	37,570	36,185	39,400	38,700
MAN	Semi-detached	52	51	68	88	132	105	70
	Row	63	84	76	62	92	95	80
	Apartment	97	368	457	891	732	800	850
	Total	212	503	601	1,041	956	1,000	1,000
SK	Semi-detached	148	116	142	95	184	250	300
	Row	173	240	456	594	681	350	400
	Apartment	302	398	434	529	723	450	600
	Total	623	754	1,032	1,218	1,588	1,050	1,300
ALB	Semi-detached	1,518	1,957	2,869	2,567	2,916	3,100	3,500
	Row	1,545	1,779	2,531	2,859	2,401	2,800	3,100
	Apartment	6,368	5,669	8,834	8,827	8,466	9,100	7,400
	Total	9,431	9,405	14,234	14,253	13,783	15,000	14,000
B.C.	Semi-detached	885	916	1,225	1,353	2,062	2,250	2,150
	Row	1,675	1,686	2,305	3,297	4,387	4,600	4,250
	Apartment	4,410	6,770	7,365	9,272	12,420	13,600	13,000
	Total	6,970	9,372	10,895	13,922	18,869	20,450	19,400
CAN	Semi-detached	11,530	11,883	13,584	13,644	14,297	13,445	12,820
	Row	15,247	15,166	18,482	20,343	22,067	21,740	20,785
	Apartment	32,692	39,658	47,594	61,212	67,896	69,805	65,845
	Total	59,469	66,707	79,660	95,199	104,260	*105,000	*99,500

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	2,593	2,808	3,014	3,238	3,265	3,200	3,000
%	6.4	8.3	7.3	7.4	0.8	-2.0	-6.3
PEI	1,206	1,234	1,306	1,404	1,500	1,450	1,400
%	1.9	2.3	5.8	7.5	6.8	-3.3	-3.4
NS	8,577	9,441	10,243	9,221	8,873	9,500	9,000
%	-2.8	10.1	8.5	-10.0	-3.8	6.9	-5.3
NB	4,524	4,779	5,089	5,489	5,979	6,550	6,000
%	3.4	5.6	6.5	7.9	8.9	9.6	-8.4
QUE	54,160	62,351	68,161	67,130	69,617	70,500	67,000
%	8.8	15.1	9.3	-1.5	3.7	1.3	-5.0
ONT	147,158	162,318	178,058	184,457	197,354	195,000	188,000
%	-1.0	10.3	9.7	3.6	7.0	-1.2	-3.6
MAN	10,612	11,440	11,108	11,523	12,098	12,750	13,500
%	-2.3	7.8	-2.9	3.7	5.0	5.4	5.9
SASK	7,552	7,971	7,933	7,698	8,172	8,500	8,800
%	-6.2	5.5	-0.5	-3.0	6.2	4.0	3.5
ALTA	43,311	48,989	51,042	51,334	57,460	64,500	62,000
%	1.5	13.1	4.2	0.6	11.9	12.3	-3.9
BC	54,179	69,554	82,737	93,095	96,385	104,000	95,000
%	-6.7	28.4	19.0	12.5	3.5	7.9	-8.7
CAN**	333,872	380,885	418,691	434,589	460,703	*476,000	*453,700
%	-0.3	14.1	9.9	3.8	6.0	3.3	-4.7

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	99,525	104,376	113,081	119,822	131,499	141,500	147,000
%	5.5	4.9	8.3	6.0	9.7	7.6	3.9
PEI	82,883	87,696	94,964	101,745	110,815	114,500	118,000
%	0.9	5.8	8.3	7.1	8.9	3.3	3.1
NS	109,839	115,485	126,669	136,292	146,096	161,500	168,000
%	7.0	5.1	9.7	7.6	7.2	10.6	4.0
NB	91,624	95,947	100,129	105,858	112,933	120,000	124,500
%	4.0	4.7	4.4	5.7	6.7	6.3	3.8
QUE	111,296	115,820	130,403	151,881	170,647	185,000	194,000
%	3.5	4.1	12.6	16.5	12.4	8.4	4.9
ONT	183,841	193,357	210,901	226,824	245,229	264,000	276,000
%	5.6	5.2	9.1	7.5	8.1	7.7	4.5
MAN	87,884	93,192	96,531	106,788	119,245	134,000	144,000
%	1.7	6.0	3.6	10.6	11.7	12.4	7.5
SASK	94,047	98,310	101,297	104,995	110,824	122,000	128,000
%	2.9	4.5	3.0	3.7	5.6	10.1	4.9
ALTA	146,258	153,737	170,253	182,845	194,769	220,000	235,000
%	4.8	5.1	10.7	7.4	6.5	13.0	6.8
BC	221,371	222,822	238,877	259,968	289,107	330,000	350,000
%	2.8	0.7	7.2	8.8	11.2	14.1	6.1
CAN**	164,036	171,801	188,785	207,162	226,283	*249,400	*261,500
%	3.7	4.7	9.9	9.7	9.2	10.2	4.9

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-1.4	3.1	1.6	2.4	1.3	-0.5	0.2
PEI	4.3	1.4	1.4	2.4	0.8	2.2	1.0
NS	2.0	1.0	1.7	2.1	2.4	0.6	0.5
NB	1.7	-0.2	3.7	0.3	1.9	0.0	0.5
QUE	2.5	1.1	3.7	1.6	1.7	1.1	1.1
ONT	3.2	1.9	1.9	2.9	1.7	1.2	1.3
MAN	2.2	0.5	2.4	0.5	1.0	0.6	1.6
SASK	0.4	-2.7	1.7	1.5	1.0	1.5	1.1
ALTA	2.7	2.9	2.5	2.8	2.3	1.7	1.6
BC	2.0	-0.4	2.0	2.8	2.3	3.1	2.0
CAN	2.6	1.3	2.4	2.3	1.8	1.4	1.3

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Unemployment Rate (percent)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	16.7	16.0	16.6	16.4	15.6	15.2	15.0
PEI	12.1	12.0	12.1	11.0	11.3	10.8	10.9
NS	9.1	9.8	9.6	9.1	8.8	8.3	8.3
NB	10.0	11.1	10.2	10.3	9.8	9.8	9.8
QUE	8.5	8.8	8.7	9.2	8.5	8.4	8.5
ONT	5.8	6.4	7.1	7.0	6.8	6.7	6.6
MAN	5.0	5.1	5.1	5.0	5.3	5.0	4.9
SASK	5.2	5.8	5.7	5.6	5.3	4.8	4.5
ALTA	5.0	4.7	5.3	5.1	4.6	3.8	3.6
BC	7.2	7.7	8.5	8.0	7.2	6.1	6.1
CAN	6.8	7.2	7.7	7.6	7.2	6.8	6.7

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	5.2	1.3	16.7	6.8	-0.7	2.0	6.0
PEI	1.9	-0.3	6.1	1.9	1.7	1.5	1.2
NS	3.1	2.9	5.2	1.2	1.5	2.0	2.4
NB	2.1	1.3	4.8	2.5	2.6	2.2	2.4
QUE	4.3	1.1	4.1	1.9	2.2	2.5	2.5
ONT	5.9	2.0	3.4	1.6	2.6	2.4	2.6
MAN	4.3	0.8	2.2	1.5	2.3	3.0	3.1
SASK	2.6	-1.8	-0.3	4.5	3.5	2.9	2.9
ALTA	6.1	1.6	2.4	2.7	3.7	3.8	4.1
BC	4.6	0.9	3.3	2.5	3.9	3.5	3.3
CAN	5.2	1.8	3.4	2.0	2.9	2.9	3.0

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

Total Net Migration* (persons)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-4,725	-3,765	-2,718	-454	-1,878	-2,300	-3,000
PEI	20	357	151	461	78	250	225
NS	-564	-195	1,068	1,484	244	550	650
NB	-1,411	-1,175	543	-761	64	-900	-1,050
QUE	14,848	27,730	28,012	31,515	33,299	33,000	34,000
ONT	151,099	162,871	134,176	101,198	97,062	108,000	109,600
MAN	-377	-807	1,722	3,245	6,025	4,550	6,050
SASK	-7,648	-7,675	-6,334	-2,998	-1,711	-3,300	-2,500
ALTA	34,012	38,273	29,100	22,395	24,758	35,200	38,250
BC	14,483	28,700	23,105	31,660	35,556	40,000	44,000
CAN**	199,737	244,314	208,825	187,745	193,497	215,050	226,225

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2004	2,363	1,038	9.0	7,685	325,412	0.6
	2005(F)	2,420	1,050	7.5	8,150	372,000	0.9
	2006(F)	2,225	990	6.0	7,700	379,000	1.2
Vancouver	2004	19,430	5,614	5.0	37,972	373,877	1.3
	2005(F)	17,900	4,650	5.5	41,000	420,000	1.5
	2006(F)	17,500	4,400	6.0	38,000	445,000	1.6
Abbotsford	2004	1,083	607	n.a.	3,740	232,175	2.8
	2005(F)	1,020	525	n.a.	4,000	257,000	3.0
	2006(F)	1,000	540	n.a.	3,800	278,000	2.8
Edmonton	2004	11,488	6,614	4.0	17,652	179,610	5.3
	2005(F)	13,350	7,350	4.5	18,300	193,000	4.8
	2006(F)	12,300	6,900	4.3	17,750	203,000	4.5
Calgary	2004	14,008	8,233	5.6	26,512	222,851	4.3
	2005(F)	13,500	8,500	5.5	30,750	248,800	3.3
	2006(F)	13,750	8,500	5.0	30,200	269,800	3.0
Saskatoon	2004	1,578	753	4.7	2,999	132,549	6.3
	2005(F)	1,300	700	5.0	3,200	142,500	5.5
	2006(F)	1,400	700	4.0	3,400	150,000	5.0
Regina	2004	1,242	605	6.5	2,785	111,869	2.7
	2005(F)	1,000	600	7.0	2,650	123,000	3.0
	2006(F)	1,200	600	6.0	2,800	135,500	3.0
Winnipeg	2004	2,489	1,882	6.4	10,797	121,925	1.1
	2005(F)	2,550	1,800	7.4	11,700	135,000	1.3
	2006(F)	2,600	1,800	6.1	12,500	146,000	1.5
Thunder Bay	2004	287	241	1.9	1,453	112,500	5.0
	2005(F)	240	175	1.5	1,330	118,100	5.5
	2006(F)	210	160	1.0	1,300	121,000	6.0
Sudbury	2004	388	374	1.9	2,500	122,866	2.6
	2005(F)	440	390	1.5	2,526	132,100	2.0
	2006(F)	420	370	1.0	2,475	134,700	2.5
Windsor	2004	2,287	1,539	0.4	5,832	159,597	8.8
	2005(F)	1,580	1,100	3.6	5,550	165,500	9.0
	2006(F)	1,490	1,050	4.0	5,350	170,000	6.0
London	2004	3,078	2,336	4.8	9,238	167,344	3.7
	2005(F)	3,109	1,945	4.7	8,850	176,000	4.4
	2006(F)	2,710	1,860	4.0	8,400	180,500	4.0
Kitchener	2004	3,912	2,374	4.5	5,931	205,639	3.5
	2005(F)	4,280	2,130	5.5	6,075	219,000	3.3
	2006(F)	3,870	2,000	4.5	6,150	230,000	3.1
St. Catharines-Niagara	2004	1,781	1,292	6.9	6,723	170,425	2.6
	2005(F)	1,435	1,025	7.5	6,600	184,000	2.2
	2006(F)	1,420	950	4.5	6,400	194,000	2.0
Hamilton	2004	4,093	1,995	5.4	13,176	215,922	3.4
	2005(F)	3,260	1,750	6.0	13,000	229,000	3.2
	2006(F)	3,060	1,600	6.4	12,800	240,000	3.0
Toronto	2004	42,115	19,076	5.9	84,854	315,266	4.3
	2005(F)	43,000	16,000	4.5	85,000	335,000	4.0
	2006(F)	41,300	13,500	4.0	84,000	348,500	5.0

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa*	2004	3,153	2,356	n.a.	9,816	237,084	3.4
	2005(F)	2,634	2,180	n.a.	9,150	252,200	3.2
	2006(F)	2,380	1,850	n.a.	9,000	262,000	3.0
Kingston	2004	872	701	n.a.	3,764	175,821	2.4
	2005(F)	820	670	n.a.	3,650	196,200	3.3
	2006(F)	800	650	n.a.	3,600	217,000	3.1
Ottawa	2004	7,243	3,245	6.6	13,457	238,152	3.9
	2005(F)	5,000	2,300	5.5	12,800	249,100	4.1
	2006(F)	4,700	2,100	3.5	12,500	256,600	3.9
Gatineau	2004	3,227	1,561	3.8	3,930	155,099	2.1
	2005(F)	2,300	1,300	5.5	4,000	166,000	3.0
	2006(F)	2,000	1,200	5.0	3,800	172,500	3.0
Montréal	2004	28,673	10,578	6.4	36,022	211,645	1.5
	2005(F)	24,500	8,900	5.5	36,600	225,000	2.5
	2006(F)	21,000	7,400	5.0	36,000	232,000	3.0
Trois-Rivières	2004	874	384	n.a.	816	102,021	1.2
	2005(F)	775	350	n.a.	790	111,000	1.6
	2006(F)	615	310	n.a.	750	115,000	2.0
Sherbrooke	2004	1,355	521	n.a.	1,264	133,700	0.9
	2005(F)	1,000	530	n.a.	1,300	149,700	1.4
	2006(F)	770	440	n.a.	1,350	158,700	1.2
Québec	2004	6,186	2,704	5.7	6,257	139,786	1.1
	2005(F)	5,900	2,650	4.0	6,900	150,400	1.8
	2006(F)	5,000	2,350	4.5	7,000	156,400	2.3
Saguenay	2004	347	244	n.a.	1,077	100,000	5.2
	2005(F)	515	260	n.a.	1,150	110,000	5.4
	2006(F)	390	245	n.a.	1,100	117,000	5.8
Saint John	2004	516	387	2.0	1,612	117,000	5.8
	2005(F)	460	370	4.5	1,750	120,000	5.5
	2006(F)	480	320	3.0	1,600	122,000	5.2
Halifax	2004	2,627	1,510	2.1	5,516	175,132	2.9
	2005(F)	2,550	1,200	2.2	6,200	188,500	3.0
	2006(F)	2,625	1,050	3.5	5,900	195,000	3.3
St. John's	2004	1,834	1,275	5.0	3,203	132,993	3.1
	2005(F)	1,550	1,100	6.0	3,150	141,000	5.0
	2006(F)	1,450	1,025	3.0	2,900	146,000	5.5
Charlottetown	2004	490	331	3.5	521	139,988	4.2
	2005(F)	410	310	4.0	500	144,000	4.0
	2006(F)	390	300	3.0	500	147,500	3.8
ALL METRO AREAS	2004	169,019	80,370	4.8	327,104		2.7
	2005(F)	158,798	71,810	5.0	336,621		3.0
	2006(F)	149,055	65,160	4.6	329,025		3.4

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	03:Q4	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3
New housing								
Building permits, units, thousands	233.1	234.7	250.2	241.0	239.8	231.3	236.9	n.a.
%	2.4	0.7	6.6	-3.7	0.5	-3.6	2.4	n.a.
Housing starts, total, thousands	225.6	224.0	232.4	236.3	236.9	213.3	235.4	227.7
%	-1.1	-0.7	3.8	1.7	0.3	-10.0	10.4	-3.3
Housing starts, singles, thousands	127.5	128.4	125.8	133.3	129.3	117.9	126.8	116.9
%	2.9	0.7	-2.0	6.0	-3.0	-8.8	7.5	-7.8
Housing starts, multiples, thousands	98.1	95.6	106.6	103.0	107.6	95.4	108.6	110.8
%	-5.8	-2.5	11.5	-3.4	4.5	-11.3	13.8	2.0
Housing completions, total, thousands	55.0	45.3	48.6	61.6	60.0	47.1	51.7	58.1
%	-1.2	-17.6	7.4	26.7	-2.6	-21.6	9.9	12.4
New house price index, 1997=100	119.0	120.4	122.6	124.2	125.4	126.5	128.4	n.a.
%	1.5	1.1	1.9	1.3	1.0	0.9	1.5	n.a.
Existing housing								
MLS® resales, units, thousands	448.5	454.9	477.6	460.6	451.3	454.1	491.6	n.a.
%	-3.1	1.4	5.0	-3.6	-2.0	0.7	8.2	n.a.
MLS® average resale price, $C thousands	215,701	219,782	226,272	225,789	233,148	239,208	246,469	n.a.
%	2.6	1.9	3.0	-0.2	3.3	2.6	3.0	n.a.
Mortgage market								
1-year mortgage rate, per cent*	4.68	4.30	4.57	4.60	4.90	4.88	4.83	4.97
5-year mortgage rate, per cent*	6.45	5.85	6.45	6.38	6.25	6.12	5.90	5.80
Residential investment**								
Total, $1997 billions	63.9	65.3	66.3	67.4	68.2	68.0	69.3	n.a.
%	1.9	2.1	1.6	1.7	1.2	-0.3	2.0	n.a.
New, $1997 billions	32.1	32.6	33.0	33.5	34.1	33.5	33.6	n.a.
%	4.1	1.8	1.2	1.5	1.6	-1.5	0.1	n.a.
Alterations, $1997 billions	22.8	23.5	23.7	24.4	25.3	25.3	25.8	n.a.
%	1.7	3.3	0.5	3.1	3.6	0.3	2.0	n.a.
Transfer costs, $1997 billions	9.13	9.18	9.63	9.59	9.13	9.32	10.04	n.a.
%	-4.0	0.6	4.9	-0.5	-4.8	2.1	7.6	n.a.
Deflator, 1997=100	121.2	122.7	125.8	126.4	127.2	128.6	129.6	n.a.
%	1.5	1.3	2.5	0.5	0.7	1.1	0.8	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.